

Annual Reporting Requirements for Exempt Organizations Frequently Asked Questions April 2010

1. What are my filing responsibilities once I receive/apply for my tax-exempt status?

An organization that [normally](#) has \$25,000 or more in gross receipts and that is [required to file](#) an exempt organization information return must file either [Form 990](#), *Return of Organization Exempt from Income Tax*, or [Form 990-EZ](#), *Short Form Return of Organization Exempt from Income Tax*. See [Filing Phase-In](#) for more information about which return to file. The return is due on the 15th day of the 5th month after the end of the organization's fiscal year. (For example, the 2008 return of an organization whose fiscal year ends on June 30, 2009, would be November 15, 2009.) The due date may be extended for three months, without showing cause, by filing [Form 8868](#) before the due date; an additional three-month extension may be requested on Form 8868 if the organization shows reasonable cause why the return cannot be filed by the extended due date.

Small organizations - those whose annual gross receipts are normally less than \$25,000 - are not required to file an annual return, but may be required to file an [annual electronic notice](#) - e-Postcard.

2. Are there any exceptions to the requirement to file Form 990?

Organizations with gross receipts and assets [below certain thresholds](#) at the end of their tax years may file [Form 990-EZ](#), *Short Form Return of Organizations Exempt from Income Tax*. In addition, certain other church-affiliated organizations and governmental organizations are not required to file annual information returns. Finally, organizations whose annual gross receipts are normally less than \$25,000 are not required to file an annual return, but may be required to file an [annual electronic notice](#) - e-Postcard - beginning in 2008.

The following organizations must file another return in lieu of the Form 990:

- Private foundations ([Form 990-PF](#))
- Employee benefit trusts ([Form 5500](#))
- Black lung benefit trusts ([Form 990-BL](#))
- Religious and apostolic organizations described in Code section 501(d) ([Form 1065](#))

3. Are small tax-exempt organizations required to file an annual return?

Beginning in 2008, small tax-exempt organizations that normally have annual gross receipts less than \$25,000 and elect not to file Form 990 or Form 990-EZ may be required to file an annual electronic notice (e-Postcard). See [New Annual Electronic Filing Requirement for Small Tax-Exempt Organizations](#) for more information.

Additional information

[Filing thresholds - exempt organizations annual filing requirements](#)

4. What happens if I fail to file an annual return or annual electronic notice?

For tax years beginning after December 31, 2006, if an organization is required to file an information return or annual electronic notice and fails to do so for three consecutive years, the organization will lose its tax-exempt status as of the filing due date of the third year. For the organization to have its tax-exempt status reinstated, it must apply (or reapply) for tax-exempt status and pay the appropriate user fee.

5. Do individual members of a group exemption ruling have to file separate Form 990 returns?

The parent and subordinate organizations of each group exemption ruling must agree on their filing responsibilities. If the parent chooses to file a group return for some or all of its subordinate organizations, and those subordinate organizations agree to be included, then the subordinate organizations should not file their own separate returns. However, if a subordinate organization is not

included in a group return, then it must file its own return unless it meets another exception to the filing requirements. See [Filing Requirements](#) for more details.

Additional information

[Publication 4573](#), *Group Exemptions*

6. What happens if my Form 990 is filed late?

If an organization whose gross receipts are less than \$1,000,000 for its tax year files its Form 990 after the [due date](#) (including any extensions), and the organization doesn't provide [reasonable cause](#) for filing late, the Internal Revenue Service will impose a penalty of \$20 per day for each day the return is late. The maximum penalty is \$10,000, or 5 percent of the organization's gross receipts, whichever is less. The penalty increases to \$100 per day, up to a maximum of \$50,000, for an organization whose gross receipts exceed \$1,000,000.

An organization that fails to file the required information return (Form 990, Form 990-EZ, or Form 990-PF) or e-Postcard (Form 990-N) for three consecutive tax years will automatically lose its tax-exempt status. The revocation of an organization's tax-exempt status will not take place until the filing due date of the third year. For example, if your Form 990 is due on May 15, 2009 (for tax year 2008) and you do not file in 2009, 2010, or by May 15, 2011, you will lose your tax-exempt status on May 15, 2011. The IRS will not send additional notices once your tax-exempt status is automatically revoked.

7. What happens if my Form 990 is incomplete?

The IRS treats an incomplete return the same as a [return filed late](#) - the penalties are the same. For example, if an organization fails to attach a required schedule to its annual return - one of the most common errors in filing Forms 990, 990-EZ, and 990-PF - its return is considered incomplete and filing penalties may apply.

Additional information:

- [Common Errors - Form 990](#)
- [Common Errors - Form 990-EZ](#)
- [Common Errors - Form 990-PF](#)

8. Can penalties for filing Form 990 late be abated?

Failure to timely file the information return, absent reasonable cause, can give rise to a penalty under section 6652 of the Code. Whether an organization qualifies for the reasonable cause exception to the penalty will be determined on a case-by-case basis taking into account all relevant facts and circumstances.

The regulations provide that a request for abatement of penalties based on reasonable cause must be made in the form of a written statement, containing a declaration by the appropriate person that the statement is made under penalties of perjury, setting forth all the facts alleged as reasonable cause. This statement should be made as an attachment to the Form 990; please disregard the Schedule O instructions that ask for this statement to be included in Schedule O. When requesting abatement of penalties for reasonable cause, your statement should include supporting documentation and address the following items:

- The reason the penalty was charged. The daily delinquency penalty may be charged for either a late filed return, an incomplete return, or both.
- Explain what prevented the organization from complying with the law, including:
 - what prevented the organization from requesting an extension of time to file its return, if the organization did not request such an extension;
 - how the organization was not neglectful or careless, but exercised ordinary business care and prudence; and
 - what steps have been taken to prevent the same situation from occurring in the future.

9. Where do I file my annual return?

Mail your return to the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201-0027. If your organization's principal business, office, or agency is located in a foreign country or a U.S. possession, send the return to the Internal Revenue Service Center, P.O. Box 409101, Ogden, UT 84409.

Annual returns may also be filed electronically - a quick, secure, and more accurate method than filing paper returns. For more information, see [e-file for Charities and Non-Profits](#).

10. Is personal identifying information provided on an exempt organization return subject to public disclosure?

Yes. To protect personal information, [do not include](#) any personal identifying information not required by the IRS on your forms.